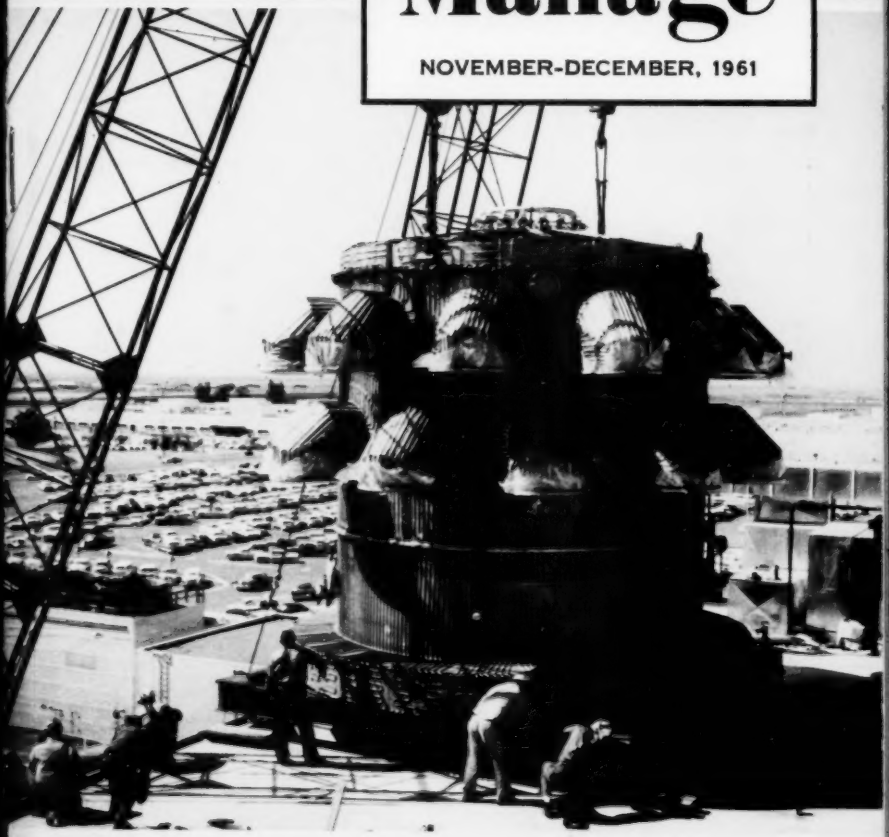
# Manage

NOVEMBER-DECEMBER, 1961



- *Overtime or Not*
- *Management Funnybone*
- *Advertising Can Boost Productivity*

*. . . from the executive vice-president*

# *Report to the Membership*

MARION N. KERSHNER

A year ago NMA launched the most ambitious national project ever undertaken by our Association . . . SELLING AMERICA. Last month at our Annual Convention in Chicago it was reported that over fifty thousand people have gained a better understanding of our economic system by attending a SELLING AMERICA program.

At first glance this appears to be an excellent start . . . and it *is* if the word "start" is emphasized. One statistic in the report on SELLING AMERICA does stand out. Only forty-five of our three hundred member management clubs have launched the SELLING AMERICA program in their local communities. We need at least one hundred clubs participating if we are to achieve our national goal of reaching One Million Americans.

Our experience, and that of our clubs, proves that everything we predicted for SELLING AMERICA is true. Our clubs find that the program is being enthusiastically received by people in the community as well as by NMA members. Most importantly, it is accomplishing the economic education task it has been designed to do.

In its first year, SELLING AMERICA has received two national awards. The Freedom Foundation has presented the NMA with its Honor award, and the American Society of Association Executives has bestowed its award of merit upon the program.

SELLING AMERICA, even at this early stage, has directly contacted more people than any previous NMA program. But we must do much more. Express your interest in this program to your club leaders. It's not only a project that's worthy of your time and effort . . . but it represents an opportunity to fulfill management's responsibility that we owe to our country.

**Special Note:** Combined in this publication of MANAGE are the November and December issues. Regular monthly publication will resume in January 1962.

—The Editor

# Manage

VOLUME 14 NOVEMBER-DECEMBER, 1961 NUMBER 2



## FEATURES



## DEPARTMENTS



## OUR COVER

***A 55-ton satellite "space chamber" is placed in position atop a specially constructed building at the Lockheed Missiles and Space Co. in Sunnyvale, Calif. Lockheed Agena satellites, raised from below, will be tested in the chamber under conditions like those 200 miles and more from the earth—near-complete vacuum, and high and low temperatures. The weird protrusions are ducts which will lead to pumps creating a vacuum within the chamber.***

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CIRCULATION THIS ISSUE: OVER 70,000, DOMESTIC AND FOREIGN.

# Efficiency is A  STREET



***A case history on one foreman's quest for efficient operations***

*by Joseph B. Zanelli,*
*plant foreman of Nu-Era Gear Corporation in New Bedford, Mass.,*
*AS TOLD TO George Flame*

The way I see it, efficiency is a one-way street. It leads to a better product, and to better morale for the worker. Everybody wants to do a good job. What is needed is the proper opportunity and the proper setting.

Here at Nu-Era Gear, we've got a new setting. We recently moved into a 52,000 square-foot building in the New Bedford Industrial Park. Most of our close to 200 pieces of machinery were shipped here from the former home base, in Rochester, Mich., and the sub-contracting company in Boston. Some pieces are new.

Aside from our two executives here—William Rebone and William Rebone, Jr., the vice-president and the plant manager, respectively—the plant employees are from the area. We've got 50 men working now. The full crew of about 300 men should be hired on by the end of the year. There will be three shifts for round-the-

clock operation.

Many of the men are doing jobs they never did before. I'm working with them, right down the line. Most of our 30 different gear models go into auto transmissions, others into trucks and tractors. A new market is opening up for washing machine gears.

To make the different models, we use broachers, gear-shapers, gear-hobbers, tracer-lays. Machines have been set up at New Bedford Vocational High School to acquaint prospective workers with their operation. Still, I try to take each new man through the ropes personally.

With the machines, we do grinding, turning, dipping, honing and finishing. Eventually, all workers will learn all operations, but now I'm concentrating on seeing that each man learns one job thoroughly.

And I think they're doing it, too. You can tell by their output, and their attitude. For example, a couple of men I'm thinking of were turning out 120 or so pieces a day when they started. Now they've doubled that. They've become more relaxed and sure of themselves.

I try to keep it that way with everybody. If a man is having a little trouble, I give him a hand. Or if he's new to the job, I show him how it's done. That's the way I was taught and helped by foremen when I started work as a machinist 19 years ago.

One thing I always stress is safety. Here at Nu-Era, there are shields beneath machines, to catch water or oil that may leak or drip. As I tell the men, it's more than good housekeeping; it's good safety, because one slip and they may be flat on their back. And then flat on their back in a hospital, or at home.

We've got covers for the fan belts. An obvious safeguard, but that's where safety starts, with prevention. One of the men seemed a little dubious about that, so I asked him where most accidents occur. He said, In the home; falling down stairs, slipping in the bathtub. Accidents? I asked. Sure—but they all can be prevented with the proper care. The men saw my point.

Another important safety factor is lighting. Our banks of fluorescent lights add up to 60 candlepower, or about 20 power more than the average for a plant our size. And the fixtures are hung high, just below the ceiling, out of harm's way. It makes the place airier, too, and the men have commented about that.

They also seem pleased with the exhaust fans. There are

eight, each with a four-foot-square opening, set in the ceiling. We've got two continuous bands of windows, too, set high in the side walls. The walls, incidentally, are made of cinder-blocks with a red-brick facing outside. Those windows will be opened in the late Spring. I guess they'll bring in a pleasant smell, because there are several stands of pine and maple in the Industrial Park.

In one operation, we've combined safety and cutting costs. A 200-foot conveyor belt carries waste metal chips to a side door, where the chips are loaded automatically onto trucks to be hauled away. Up in Boston, where I was foreman for four months before I came here in December, the men hauled the chips in wheel barrows, then hand-loaded the trucks. You couldn't avoid cutting yourself every so often, with all that handling, and the whole operation ate up valuable man-hours. I knew it would have to go in the new plant.

In addition, we've put conveyor belts—they're the metal roller type—throughout wherever possible to speed operations, reduce fatigue, and further cut costs. I might mention that our practically unobstructed floor space is divided into an assembly line for large orders, a tool room, warehouse and an area for small orders.

To judge the over-all safety situation, let's look at the record: No time off because of injuries. The only mishap: One man had a minor finger cut. It was cleaned and bandaged in the First Aid room, a separate room in a front office.

To keep the status quo, I've asked for safety booklets to distribute to the men. Our insurance company is sending a batch.

In the cost-cutting department, I've helped in the change-over of one operation recently. Where we used to mill second-speed gears, we're now broaching them. You can do five times more broaching than milling in the same time, and you don't need milling cutters, an extra equipment saving.

On another job, we're shifting from grinding to honing, which means new equipment but a cost cut in the long run, plus more precise work. Efficiency, in one word.

A big booster in the morale end, I've found, is the self-service cafeteria. You enter it from the work floor. A wall of windows gives a view of the front garden, which is being landscaped. Lockers line part of the walls. Vending machines provide everything from soup to soda to nuts. We now have four tables, with tubular metal

chairs and green pads. There will be more tables when more men are hired.

The men like having two big, circular fountain wash-troughs in the toilet, which has been painted in two tones of green. Suction fans keep the air fresh. An overhead radiator keeps the place warm.

I started with Nu-Era only eight months ago, but enthusiasm for performance and prospects was easy to generate from the start. I like to feel this is communicated to the men.

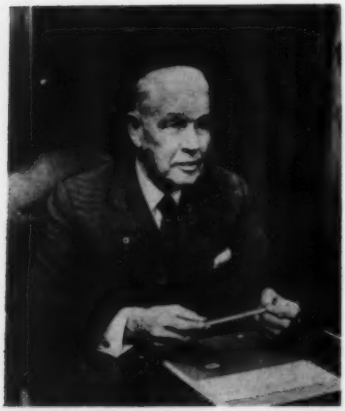
The factory is on 12½ acres of land. If business follows prospects, the company will add a building immediately behind the present one, connecting the two with sliding doors. Again, a question of efficiency. Behind efficiency, and inefficiency, are people. If they are encouraged and given a quiet helping hand, people will do more efficient work. And do it gladly.


*"I'm sorry, Johnson, but we simply had to cut down on vice-presidents."*

*A Management Success Story*

# *The Faith of*

# George Huntington Hartford



***Ralph W. Burger, president and chairman of the board of the Great Atlantic & Pacific Tea Company. The company's chief executive officer started to work for A & P in 1910 as a clerk in the Glens Falls, N. Y. store and, after 40 years of service in many parts of the business, was elevated to the presidency in 1950. He was elected chairman of the board in 1958.***

*by Alfred K. Allan*

One hundred years ago a small tea store opened in New York City. In the century that has passed, this one store has blossomed into the Great Atlantic and Pacific Tea Company—the World's Largest Retailer. The founder of this famous business organization was George Huntington Hartford, whose dynamic and precedent-shattering methods have changed and improved the nation's entire retail business.

Hartford had started as a moderately successful leather goods salesman. When he was 26 he formed a partnership with another small businessman, George Gilman. This union was to have historic results.

It had come about one afternoon when Hartford and Gilman were discussing the price of tea.

"The tea passes through many hands before it reaches the consumer at a cost of from $1 to $2 a pound," Hartford observed discontentedly. "Why don't we buy whole shiploads of tea and sell it directly to the consumer? This way we could eliminate middlemen and trim the price to perhaps 30¢."

Gilman liked the idea and the two men assembled their finances and bought all the tea they could. They chose Vesey Street in Lower Manhattan, New York City, as the site for their first store, which they called *The Great American Tea Company.* It was opened for business one bright morning in 1859 and immediately caught the public's eye. Hartford and Gilman promoted their new innovation shrewdly. They had the store front painted a blazing red and its windows decorated with shiny red, white and blue globes. A huge gaslit "T" was set over the door and it acted as an attention-grabbing beacon. The two young businessmen had other startling ideas. They placed ads in the local newspaper proclaiming "There's good news for ladies," and told of their fabulous tea bargain. On Saturday nights they distributed dishpan premiums and lithographs of babies to their lines of waiting customers. Outside, they had a band playing stirring marches and the popular songs of the day. And they also hired a team of eight horses to draw a big red wagon through the streets of New York to advertise their store.

Tons of tea were grabbed up by housewife-customers at these bargain prices. Hartford and Gilman soon realized that they could apply their business formula of large volume sales at a low profit per sale to other grocery items besides tea. They opened what they called "Branch Retail Houses," first in New York City and then in other cities. They changed the company name to *The Great Atlantic and Pacific Tea Company* and established wagon routes to bring goods right to the homes of consumers.

Then Gilman sold his interest in the business to Hartford and retired a wealthy man. Hartford, now in full control, continued to expand the organization. By 1880 he had 100 stores going full blast and might well

have continued in this way for the rest of his life except that another, still more revolutionary business idea was to be entrusted to him for development.

One afternoon in 1912 Hartford was talking over business affairs with two of his sons, John and George, who were helping him run the A & P organization.

"Why don't we make a little experiment," John suggested to his father. "Why don't we open a store that allows no charge accounts, telephone orders or deliveries? The store would operate on a strictly cash and carry basis. This policy would save us a great deal of expense, which could be passed on to consumers in lower prices."

"It may work," George, the other son, agreed.

"All right," the elder Hartford said. "I'll let you try out your idea."

He gave John $3,000 with which the young man acquired a small, rundown store site in Jersey City, only a short distance from a successful and well-established A & P store. John called his venture "The Economy Store." Inside of six months the store was famous all over the city and drew such a tremendous volume of business that the elder Hartford was forced to close his nearby store.

"You can open all the economy stores you want," Hartford cheeringly told his son. In two years John founded 1,600 stores. The goods in each of the stores were set up exactly the same way so that people learned to recognize the store's merchandise immediately. By 1916, A & P's sales reached a phenomenal $76 million.

Hartford's other son, George, had also inherited his father's faculty for thinking up new and daring business ideas. When George found out that baking powder was made up of just soda and a carbonate he said, "Why don't we manufacture the stuff ourselves and thereby cut the costs?" A chemist was put to work turning out A & P's own baking powder, and a short while later Hartford was starting factories to make his own preserves, peanut butter and coffee, and eventually they would have their own bakeries, candy and pastry shops.

A & P became the first retail grocery chain, and its selling techniques were the forerunner of the giant supermarkets and great shopping centers that today dot our country.

George Huntington Hartford, whose faith and perserverance had created it all, died in 1917, at the age of 84, with the comforting knowledge that his sons


*Before the days of good highways and modern surface transportation, A & P "went where the customer lived." Pictured is a turn-of-the-century wagon store that delivered tea, coffee, spices and a few other basic commodities to the rural patrons who couldn't get to town to do their grocery shopping.*


*"Something old, something new," today's modern supermarket combines the nostalgia of Early American architecture with streamlined interior construction to provide the most efficient food marketing in the most desirable surroundings.*

would carry his business organization to even greater heights of accomplishment.

Today there are 4,197 stores in 37 states, the District of Columbia and Canada, that bear the familiar red-circled A & P insignia. They serve an estimated six million customers each shopping day.

As one important measure of its success, the company has established a form of profit-sharing for its employees which consists of a year-end bonus. The last such bonus amounted to $2,500,000 which was split among all full-time A & P employees with at least six months of service.

A short while ago the company distributed an instruction book to its store managers in which a company credo was set forth. "Our one desire," the credo proclaimed, "is to perpetuate A & P as a great public service, to have it stand forever as a monument to the integrity, perseverance and human understanding of the man who founded it, George Huntington Hartford."

## Mass Translation

The Soviets employ over 2000 full-time and 20,000 part-time workers who abstract and translate technical articles from the outside world and have them ready for Russian scientists about 4-6 months after initial publication. Best U. S. counterpart system has only 1700 part-time workers, takes a year to prepare foreign articles for scientific study.—*General James M. Gavin, U. S. ambassador to France.*

## Atomic Fuel Gets Into Act

By 1975, as much as 25 per cent of the new power installations may be utilizing atomic fuel. Up to 1975, the main effect of the rise in power generation on fuel demand will be to increase coal requirements of the power industry. These may go up 100 per cent by 1975.

*A true friend is one in whom we have confidence and to whom we will listen.*—K. Alvin Pitt, Arkansas Baptist

## *An NMA Report . . .*

# What is the National Right to Work Committee

? ? ? ? ? ? ?

There has been a great deal of confusion on an organization called the National Right to Work Committee, due to claims and counter-claims made in the heat of state legislative battles. Organized unions make no bones about their opposition to "right to work" laws, and conduct well-organized and hard-hitting campaigns to stop any proposed legislation of this nature. In the avalanche of publicity surrounding the issues, identities become fuzzy, and people have become confused on the purposes and make-up of the National Right to Work Committee.

The organization was founded in January of 1955 by a group of union members opposed to compulsory union memberships in conjunction with small businessmen. Its reason for existing hinges upon Section 14(b) of the Taft-Hartley Act which gives each state the right to decide for itself whether or not it wants compulsory union membership. Therefore, if enough citizens in a state were convinced that they did not want "union shops," they could enact appropriate legislation which would not break any federal laws.

Spokesmen for the National Right to Work Committee feel they stand on strong moral ground and are candid in defining their purposes. Specifically they list three primary objectives:

1. Nationwide education of the general public for the pur-

pose of preserving Section 14(b) of the Taft-Hartley Act enabling states to decide for themselves the issue of compulsory union membership.

2. Provide experienced and effective assistance to individuals and organizations within states working to enact Right to Work laws.

3. Conduct a continuing national campaign with the hope of rousing support for a federal constitutional amendment that would guarantee the choice of joining or not joining a union, and paying or not paying fees to private organizations as a condition of employment.

Leadership of the organization is much the same today as it was when founded six years ago. Thirteen members of a 32-member board are daily wage-earners. It's important to note that most of the 13 have long service records in union ranks. Eleven of the remaining members of the board are business men; eight are professional people, including clergymen and educators.

An executive staff is directed by the board to translate the principles set forth into plans of action. The top staff men have a variety of backgrounds.

**Reed Larson, Executive Vice President,** headed the four-year Kansas Right to Work campaign and joined the national organization in 1959. The legislation in Kansas was passed by referendum in 1958.

**Lafayette A. Hooser, director of employee membership,** is a former engineer and member of the Brotherhood of Locomotive Engineers, who lost his job, at the insistence of union officials, because he opposed compulsory union membership. He was a key leader in the Indiana citizens organization which achieved Right to Work law in that state.

**Glen A. Green, Director of Information,** is a journalist who spent 12 years with the National Education Program at Harding College, Searcey, Arkansas, before joining the National Right to Work Committee.

**Warren S. Richardson, Associate General Counsel,** served as Congressional liaison for the National Lumber Manufacturers Association in Washington as an accountant and attorney.

Financial resources for the Committee come from voluntary contributions from its approximately 15,000 members. On the membership rolls are such diverse occupations (both union and non-union) as small businessmen, farmers, educators, and clergymen.

Probably the greatest significance of the organization is the fact that it is now a national organization dedicated to one prime area of legislation and education that may match the national efforts of unions.

Previously, campaigns were conducted primarily by state groups with little assistance from outside organizations with only a small voice in Washington. If this new organization continues to pursue its course with the same vigor it has already displayed, it can become a most formidable force.

## *One-Day Management Conferences:*

**Nov. 4, 1961**

WESTERN NEW YORK AREA COUNCIL
Buffalo, New York
Erie County Technical Institute
General Chairman—J. Anderson
Westinghouse Electric

**Dec. 2, 1961**

KOKOMO MANAGEMENT ASSOCIATION
Kokomo, Indiana

**Dec. 2, 1961**

DETROIT STEEL CORPORATION MANAGEMENT CLUB
Portsmouth, Ohio
General Chairman—Donald J. Allen

**Jan. 27, 1962**

CENTRAL OHIO AREA COUNCIL
Youth Center
State Fair Grounds
Columbus, Ohio
M. L. Goeglein, Program Ch.

**Feb. 3, 1962**

ST. LOUIS AREA COUNCIL
Statler Hotel
St. Louis, Missouri
Paul Sturman, Gen. Ch.
Monsanto Chemical
J. F. Queeny Plant
1700 S. 2nd St., St. Louis 77, Missouri

**Feb. 10, 1962**

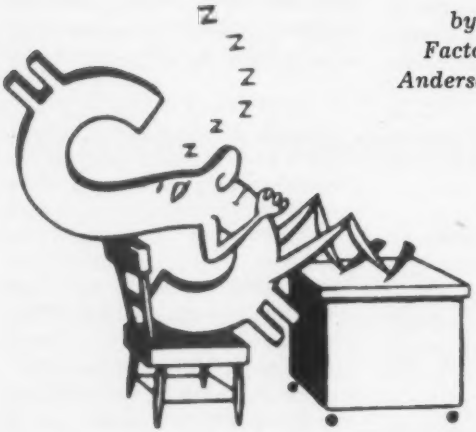
ZANESVILLE MANAGEMENT CLUB
Muskingum College
Zanesville, Ohio
General Chairman—Robert E. Williams
Columbia Cement Corp.
East Fultonham, Ohio

**Feb. 17, 1962**

MICHIANA NMA COUNCIL
South Bend, Indiana—Washington High School
C. Van Den Abeele, Ch.

# Overtime or Not

*by Eugene F. Abel,*
*Factory Superintendent,*
*Anderson Mattress Company*



Over the years, little has been written concerning the problem of overtime with a definitive analysis as to whether to work overtime in a plant or to hire additional manpower. Evidently, business writers have been prone to ignore the problem as one not conducive to a general solution. Perhaps this is so because there are so many intangible as well as tangible considerations to be pondered.

Seemingly, there are two extremes of thought—"Overtime is always profitable" and "Overtime is never profitable." The purpose of this article is to outline the various considerations so that a middle road between the two extremes may be traveled.

There are two types of overtime to be understood. The first is the "emergency" type which lasts for only a short time and is quickly arrested once the emergency is ended. The second is the habitual type of overtime which stretches over longer periods of time.

With respect to the "emergency" overtime, the answer is rather easily found by answer-

ing such questions as:

*Is the overtime necessary to hold a customer or to complete a contract which might otherwise be lost?*

*If overtime is not used, will the result be loss of sales or merely deferral to a later date?*

*Will delivery schedules be interrupted which would result in excessive additional cost?*

A great many industries are plagued with large seasonal fluctuations in which sales in any one month may be double that of another period. In February, the National Association of Bedding Manufacturers published a chart showing the total sales, nationally, of mattresses and bed springs for 1960. The sales between January and July ranged between $32 million and $37 million. In August, sales jumped from $32 million to a high of $42.5 million, then began a steady decline to $25 million in January.

In 1959, the low established in November was $29 million and the high, only two months earlier, was $42 million.

In 1958, high sales of $41.5 million were recorded in October. In November, volume dropped to $27 million, then to $26 million in December.

The same picture shown above is true of many other industries, so it is this pattern which poses the problem of overtime of the habitual type.

Let us consider, first, the various intangibles which must be considered before a decision can be reached. Probably the most important single factor to be regarded is the SKILL required by the workers. If the work requires a long training period, or if it requires highly experienced men, it is better to use overtime than to invest time, effort and money in people who will be laid off when production decreases. Conversely, if little or no training or experience are required, other considerations being equal, it would be better to hire during the period of high activity.

LEGAL REGULATIONS and UNION CONTRACTS must also be taken into consideration. In most cases, state and federal laws regulate the number of hours which may be worked by female employees. In addition, premium rates of 150% must be paid for work in excess of 40 hours per week. Union contracts usually spell out premiums which must be paid over and above those required by law. For example, most union contracts establish premium rates for hours worked in excess of eight per day, double-time and sometimes triple-time for Sundays and holidays, etc.

Another factor is the PERSONAL CHARACTERISTICS of the employees. Do they like and want overtime work or are they content with 40 hours? I have seen employees who requested as much overtime as possible while others practically refuse the additional time. This goes hand-in-hand with EMPLOYEE CONTENTMENT. As is well-known, most employees live up to or above their earnings. Once they become accustomed to overtime pay, their standard of living suffers considerably when it is finally stopped. This leads, in many cases, to union demands for higher wages to offset the loss of overtime wages. Some companies even use overtime pay as a method of sharing more with the employees.

Another area of employee contentment has to do with whether the overtime causes jealousy among those workers who are getting little or no overtime.

Finally, internal operating conditions may exist in which the extra cost of overtime inefficiencies are more than offset by the continuous flow of production. For instance there may be a bottleneck which requires overtime in order to ensure such continuous flow.

There are also tangible items which can be measured to a degree and aid in the decision. The most formidable of these, of course, is the premium pay of 150% of base pay. Further analysis will show, in addition, that output decreases with increasing hours. An additional eight hours work in the week normally accounts for only about seven hours production. Since this is true, and available studies so indicate, some arithmetical figuring will show that the premium pay is really 70% to 71%.

| | |
|---|---|
| Cost: | |
| 40 hrs. @ $2.00 | $ 80.00 |
| 8 hrs. @ $3.00 | 24.00 |
| Total | $104.00 |
| Output: | |
| 40 hrs. @ $2.00 | $ 80.00 |
| 7 hrs. @ $2.00 | 14.00 |
| Total | $ 94.00 |

We are paying, therefore, an excess of $24.00 for $14.00 output, or a premium of 71%.

Furthermore, as the hours increase above 48, the output decreases rapidly. The next five hours may get only 20% to 30% efficiency. The causes for this are fatigue and monotony.

Another hidden cost of extensive overtime occurs toward the end of the period of extra work. The employee sees that

the incoming orders are decreasing. In order to protect the excess earnings to which he has become accustomed, he tends to slow down or stretch out his work.

Long time periods of overtime work often cause greater absenteeism. Injuries are more likely to happen due to fatigue and/or monotony. These two things tend to defeat the purpose of overtime.

On the other hand, thought should be given to savings which offset, to a degree, the excess costs attributable to overtime. For instance, let us assume a case in which we sell Product A for $20.00 per unit. Further, let us assume that our costs are:

| | |
|---|---|
| Material Cost | $12.00 |
| Direct Labor | 2.00 |
| Variable Expense | 2.60 |
| Fixed Expense | 2.80 |
| Total Cost | $19.40 |

We earn a profit of $.60 per unit.

Carrying this one step further, if Product A is produced on an overtime basis, let us assume our costs of material and fixed expenses remain the same. Labor is increased to $3.00 and perhaps variable expenses is increased to $3.90. Our profit per unit would then be:

| | |
|---|---|
| Selling Price | $20.00 |
| Material Cost | $12.00 |
| Direct Labor | 3.00 |
| Variable Expense | 3.90 |
| Profit | $ 1.10 |

Our assumptions in this case, however, are based on the theory that fixed expenses per unit of sales is established on a 40 hour week. Apparently, any production in excess of 40 hours would not have any fixed expense attributable to it.

There are dangers in this assumption. Any accountant knows that fixed expenses are FIXED only within a relatively small range of volume. As volume increases, certain types of FIXED expenses also increase. For example, additional supervisory help or administrative help (normally considered fixed expenses) may be needed. Conversely, as volume decreases, certain FIXED expenses decrease. .

It is reasonably safe to postulate, though, that the profit per unit on overtime work will be greater than the profit earned per unit during the regular work week.

Another advantage to overtime work vs. the hiring of additional help lies in the cost of payroll taxes. Our F.I.C.A. taxes are now 3% of the first $4,800. They will shortly be at

least 4.5%. State unemployment taxes range from .1% to 2.7% and federal unemployment taxes are .3% of the first $3,000. Statistics show that the average employee, today, earns in excess of $4,800. There would, therefore, be no additional tax due to these causes for our employees who work overtime. If we hired new help, such taxes would be a necessity.

The same line of reasoning holds true for the costs of group insurance, holiday pay, vacations pay and other fringe benefits.

As was mentioned earlier, higher earnings due to overtime work often soften the demand for wage increases.

Another facet of the problem, in favor of overtime, is the cost of procurement, training and turnover due to recruiting additional manpower.

In conclusion, then, among the more important factors to be considered in the problem are:

*A The skill required for the job*

*B Terms of union contracts and legal regulations*

*C Personal characteristics and contentment of employees*

*D Internal operating conditions*

*E Effective cost of premium pay*

*F Fringe benefits costs of additional employees*

*G Profit per unit of manufacture earned in overtime work*

While each company must weigh these factors as they affect their own particular operations, generally speaking, the following holds true:

If you anticipate that your business will expand for a period in excess of six months, hire new employees.

If your employees have been working excess hours for a period of six months or more, be extremely careful in hiring new employees. Normally, the loss of earnings for present employees will result in demands for wage increases.

All things considered, the cost of overtime work due to premium pay and increasing inefficiencies is more expensive than the savings made on additional fringe benefits and the extra per-unit profit earned.

Finally, any decision made with regard to overtime work should be made only after diligent regard is given to all of the above-mentioned factors. Decisions made regarding labor and labor costs always have far-reaching effects and usually result in a precedent which is difficult to change.

***Ingenuity and a few dollars produced this system of central timekeeping for G.E.'s Burlington, Vt., Missile & Ordnance Systems Department. Results: faster processing of paperwork and management data.***

# CALL "CENTRAL" *and* SAVE TIME

*by C. V. Stankevich,*
*Manager—Shop Operations,*
*Maple Street Plant*

How often have you heard your foremen and timekeepers gripe about the amount of time spent in completing and processing labor vouchers? And how frequently have you wished for faster records that would show a clearer "day after" picture of manufacturing progress.

Last year we were able to take a step towards reducing these problems by increasing the efficiency of our operations with a variation in timekeeping procedure.

Previously, our foremen had been faced with the familiar task of manually recording each day's activity through labor voucher paperwork. These forms called for such information as time schedules, standard costs and job performance. Up to three hours daily were sometimes spent with this task. Ob-

viously, this time was stolen from the foreman's other functions of job and personnel supervision.

Beyond the manufacturing floor, additional time was necessary to manually interpret and sort this data for management uses affecting plant performance and allocation of incoming work loads.

Strategically located telephones, a central timekeeping room with mechanical data recording and interpretation equipment formed the basic elements which answered our needs.

First, a master deck of I.B.M. operation cards replaced the old style labor vouchers. Each new card was prepunched to indicate drawing number and work station, job rate, standard in hours per hundred, standard cost and setup time. A brief word description of the operation completed the card.

Next, an Identification Card showing operation sequence by number, work station and written description was assigned each lot of parts sent to manufacturing.

The master deck of cards was kept in the central timekeeping

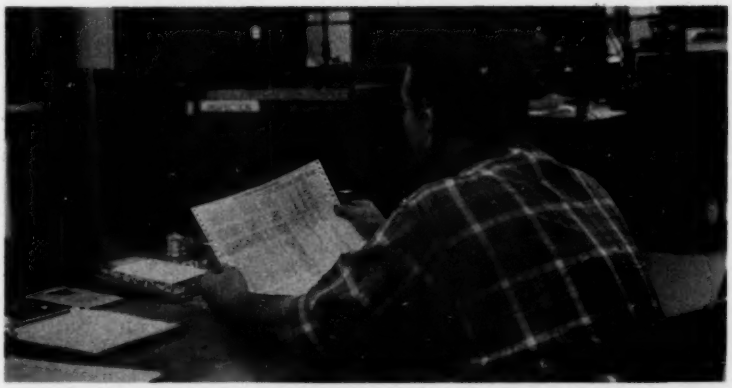
***Heart of G.E.'s "Central" timekeeping system where master vouchers (back) can be referenced to called-in job reports and filed for analysis.***

room. This room was connected to each foreman's operation by a telephone network. An I.B.M. Model 026 Keypunch and date stamp clock graduated in tenths of an hour completed "Central's" facilities.

In operation, our system works in this manner: Upon receiving the foreman's assignment, an operator takes the job lot I.D. Card and calls "Central" to report starting the job. Standardized call-in procedure assures the uniformity and speed of the report. The operator reports his identification, job drawing and operation number, job description, foreman's code and type of work.

A timekeeper manually completes a punch card labor voucher with this information and time stamps the card. The

*Linked to "Central" are a series of shop floor phones which allow operators to report job data.*



*Reports provide a complete picture of previous day's work.*

applicable master card is compared to insure that the right operation number has been reported. And, after checking, the information from the master card is mechanically duplicated by the keypunch on the operator's voucher. Average time elapsed: 15 seconds.

Upon finishing a job, the operator calls in to report his quantity completed. The applicable voucher is clock stamped to give an "In-Out" record. The process then repeats itself for each job undertaken.

Possible jam-ups at phone stations at the start of each shift are eliminated by staggering the calls so that some areas report their job immediately upon getting assignments while others do not call in their first job until having completed it. Random spot checks by foremen verify the counts reported to "Central."

Upon completion of a shift the labor vouchers are sent to the Tabulating Department where the written information is keypunched and extended for cost information. Having been reduced to this mechanical form, the data is quickly available for analysis and action.

A Manufacturing Performance Report is distributed the very next day. This key report gives, at a glance, the detailed information of each operator's performance within the foreman's area. Since this is in itemized form it can be used for daily individual progress reports and as a guide to production performance.

The same report is used to reconcile labor vouchers against clock cards to assure their correctness. These vouchers are then used in preparing a weekly cost report to show the actual and allowed dollars for each operation. From this report, a weekly composite graph is plotted to show performance of each foreman.

This system also gives management a ready tool for determining plant labor loads. Each work station has a four digit code number assigned to it. These numbers are set up by class, type of machine and are reported on each voucher. With mechanical interpretation of these cards it's a simple matter to get a picture of labor and machine loads in a matter of minutes rather than hours.

Our system of central timekeeping was installed, using surplus equipment, for a few hundred dollars. The first year's savings were substantial in time and operational expenses. Accuracy and the morale of employees climbed as they realized that their efforts could more easily be recognized.

# Military Research and Development

*by Murray L. Weidenbaum*

Military research and development constitutes one of the major growth areas of the American economy. The level of military R & D during 1960 —$3 billion—was about double the amount devoted to the purpose as recently as 1955. This research is also an important indicator of the direction of future military production requirements.

Many military activities, such as the production or operation of military weapon systems, involve some efforts of a research or analytical nature. However, research and development generally means individual projects which are considered to be a part of the early or conceptual phase of new military activities. Research, as formally defined by the National Science Foundation, is "systematic, intensive study directed toward fuller scientific knowledge of the subject studied." There are three general types of R & D: basic research, applied research, and development.

**Basic Research** is also referred to at times as fundamental research. The primary aim of the investigator is a fuller knowledge or understanding of the subject under study. That is, basic research may be viewed as an effort to reach a goal beyond the limits of present human knowledge. This

type of research is conducted in the expectation of discovering something new in knowledge, concept, or principle which will lead to a better understanding of developments in the area of science being researched.

**Applied research** is the practical application of this knowledge. Applied research activities of a military nature attempt to exploit the potentialities of new scientific findings for future weapon systems or other military purposes. Applied military research now covers such diverse fields as advanced guidance systems, digital computers, high-speed crystal growth, weight and size miniaturization, and materials analysis.

**Development** is the systematic use of scientific knowledge directed toward the production of useful materials, devices, systems, methods, and processes. Military development activities are geared to new and improved weapons and equipment to increase the effectiveness of the Armed Forces. The major portion of military R & D expenditures is devoted to the development of weapon systems. Less than one-fourth goes for either basic or applied research. Of the amount for research, a modest portion—it was only $113 million in 1960—is allocated to basic research. The major portion of the effort is devoted to the engineering sciences. Research programs are also carried on in mathematics, medicine and public health, biology and other "life sciences," and in the social sciences.

### Who Buys Military R & D?

In order of importance, the Air Force, the Navy, and the Army are the customers who purchase military R & D.

The Army and the Air Force divide their expenditures almost equally between (1) R & D performed at military installations and (2) contracts with industry, universities, and other private organizations. Of the portion awarded to nongovernmental organizations, the Army lets a higher proportion of its contracts to colleges and universities and a lower proportion to industry. The Navy relies primarily on outside organizations for R & D, mainly business firms. However, significant amounts of naval financed research and development are performed by the Navy itself and at colleges and universities.

The various military agencies financing research and development activities report receiving

many more proposals than they can accept. For example, virtually all basic research proposals submitted to the Office of Naval Research are unsolicited. The three major criteria used by ONR in evaluating research proposals are:

**1. The scientific merit of the proposal.** This evaluation is performed against the background of the importance of the scientific field, the importance of the specific area within the field, and the probable degree to which more knowledge will be accumulated. In essence, is the proposal likely to produce significant new scientific knowledge?

**2. The relevance to the military mission.** The knowledge to be gained from the research is evaluated from the viewpoint of how it will contribute to the long-range technical development and future evolution of the service financing the project. In the case of ONR, that would be the Navy Department.

**3. The competence of the investigator.** The investigator's background, experience, and general knowledge of the field are carefully reviewed.

### Who Performs Military R & D?

About one-fourth of military research and development activities is performed on military installations. The Office of Naval Research, the Redstone Arsenal, the School of Aviation Medicine, the Arctic Aeromedical Laboratory, and the Air Force Missile Development Center all carry on important R & D activities. The bulk of military R & D projects is performed by business firms, colleges and universities, nonprofit institutions, and other private organizations.

The list of business firms working on military R & D contracts covers almost every phase of private industry, large and small. Included are firms in the aircraft, automotive, chemical, electrical, machinery, metal fabricating, and petroleum industries. Over 50 percent of all R & D performed by private industry is financed by the federal government, primarily the military establishment. Federal funds represent more than one-half of the R & D activities of the aircraft, communications, and electrical equipment industries; and between one-quarter and one-half for the machinery, motor vehicle, scientific instruments, and optical, surgical, and photographic equipment industries.

The aircraft and electrical equipment industries together account for slightly more than

one-half of the total research and development work performed by private firms. The U. S. National Science Foundation projects, on the basis of the missile and space exploration work performed by these two industries, has projected that "they will continue to play a dominant role in the research and development picture for some years to come."

Several hundred educational institutions hold contracts for military R & D work. Many are in the million-dollar category; the Massachusetts Institute of Technology is the largest, with over $55 million of R & D work. Many non-profit institutions work on military R & D projects, including the Woods Hole Oceanographic Research Laboratory, the Rand Corporation, and Stanford Research Institute.

A few foreign universities and business firms perform research work for the Department of Defense. These include the German Institute fur Meterologie & Geophysik der Freien Universität, the Swiss Universität Geographisches Institut, the French Compagnie Generale de Telegraphie Sans Fil, the English Fulmer Research Institute, and the Belgian Laboratoire Central d'Electricité.

### Main Areas of Activity

By its very nature, military R & D is directed toward new weapon systems and related military purposes. The greater part of the projects is devoted to military weapons—aircraft, missiles, ships, tanks, and artillery. However, major shifts have occurred in recent years in the relative emphasis given to each of these categories.

As recently as 1955, conventional weapons such as artillery, tanks, and ships were the predominant category, with aircraft a strong second. By 1957, missile R & D had overtaken the aircraft category and, since 1958, has been the dominant segment of military R & D. Only since 1958 have significant amounts been devoted to astronautics. In 1960, over $300 million was devoted to R & D for military astronautics.

### Long Term Trends

Over the past decade, military R & D programs have been expanded at a more rapid rate than the military establishment as a whole. From three percent of the military budget, R & D rose to five percent in 1958. Recent forecasts of the military budget show R & D reaching seven percent in the

early 1960's and eight percent in the late 1960's.

This increased emphasis on R & D is bolstered by the fact that the military-expenditure total has been rising since the end of the Korean War; and this basic trend is expected to continue. Budget-economy drives and defense cut-backs over the past decade generally have been concentrated on the non R & D portions of the military budget.

The multiplying effect that military R & D can have upon the nation's technology and economy has been demonstrated on innumerable occasions. Progress in developing fire-direction systems for air and naval systems during World War II later led to the electronic computer and to factory automation and control equipment — major industries today. Improvements in military aircraft and their power plants led to such innovations in the air transportation industry as jet airliners, with their tremendous ability to bring the regions and nations of the world in closer communication with each other.

On the basis of past experience, current military R & D on missiles and space vehicles will, in time, result in significant advances in industrial technology and consumer products. Communication satellites and space post offices have received much attention as possible peace-time applications of these military projects. Less spectacular civilian by-products—such as extreme miniaturization of component parts, improved packaging techniques, advanced handling equipment, and environment control apparatus—may have a more significant long-range impact.

## *Nuclear "Nutcracker"*

An eight-ton "nutcracker" is the newest addition to the store of nuclear hardware at the Atomic Energy Commission's Hanford plant in Washington—and it's putting the bite on production costs with its massive steel jaws.

This unique piece of equipment, suggesting a nutcracker in design, will cut tough, radioactive stainless steel pipe into small, manageable pieces for atomic burial—and save costly connector parts.

***A quick review of some interesting and little known facts about the health of men who have held the presidency of the United States.***

# Physical Fitness in the White House

*or*

## *From the Rocking Chair Looking Backwards*

*by Betty French*

Calvin Coolidge was another presidential rocking chair addict, doing his rocking mainly on the White House porch. Unlike JFK, however, Mr. Coolidge averaged nine hours' sleep each night while President and took daily afternoon naps of from two to four hours.

William Howard Taft also snatched many daytime catnaps and sometimes fell asleep at inappropriate official moments, besides.

John Quincy Adams often enjoyed early morning swims in the Potomac in his birthday suit.

Franklin Roosevelt swam in the White House pool of a late afternoon, following the swim with a rubdown.

John Adams considered himself an "infirm person," but lived to be 90.

Woodrow Wilson also veered towards hypochondria, using a stomach pump on himself almost daily and taking headache tablets constantly.

Abraham Lincoln could lift 500 pounds in each hand, but suffered dreadfully from corns.

Millard Fillmore enjoyed perhaps the best of all presidential digestions, attributed to his

diet of bread and milk three times a day in youth.

In contrast, Chester Arthur and James Tyler frequently had indigestion, Tyler's troubles dating back to meals in a second-rate boarding house during a term as congressman. Thomas Jefferson had indigestion whenever he ate fish.

James Garfield's was another touchy stomach, and he watched his diet carefully. William Howard Taft did not, and was so oversized he occasionally got stuck in the White House bathtub.

Ulysses S. Grant, also, became overweight in the White House, perhaps due to the heavy meals provided by an army quartermaster sergeant whom he installed as chief steward.

Warren Harding chewed tobacco and had his eyebrows trimmed. William McKinley smoked strong cigars incessantly but refused to be photographed with a cigar in his mouth. FDR smoked about two packages of cigarettes a day, using his long holder.

George Washington drank heavily and was very susceptible to illnesses and infections, but a robust constitution pulled him through in spite of—rather than because of—the doctors.

Theodore Roosevelt, champion of the vigorous life, exercised constantly and violently in the White House. His activities included horseback riding, boxing, tennis, ju-jitsu, and cross-country hikes through rain, mud and brush, pursued by panting Secret Service men.

Other confirmed presidential walkers were Thomas Jefferson, who made long trips afoot, Benjamin Harrison and Harry Truman, whose walks followed his habitual rising hour of 5:30 a.m.

James Monroe took morning and evening horseback rides, and John Adams also rode daily. Ulysses S. Grant was the best rider of his day at West Point. During his later years in the presidency, however, he confined his exercise to driving a spirited team down Washington's avenues.

Abraham and Mrs. Lincoln regularly took afternoon drives through the capital, often stopping at a hospital to visit the wounded.

Franklin Pierce drank excessively during his term of office, but eventually became a teetotaler and joined the Episcopal church.

Andrew Jackson entered office with an emotional breakdown, caused by the death of his wife, Rachel, a few months before the inauguration. He also suffered recurring pains from a bullet embedded in his left

arm, the remnant of a Nashville shooting affair, and from an injury to his lung in another shooting incident.

Martin Van Buren was one of our healthiest presidents, in perfect health until the age of 70.

James Polk, on the other hand, was sickly during most of his term of office, apparently with malaria. William Henry Harrison, the first president to die in office, caught cold at his inauguration and died a month later, presumably of virus pneumonia.

James Madison suffered in youth from a nervous malady which may or may not have been a non-organic form of epilepsy. In old age he was in agony with arthritis and from the cold, and spent his winters at his Montpelier, Virginia estate, attired in woolen dressing gown, woolen cap and woolen mittens.

Zachary Taylor died of typhus or typhoid, after 16 months in office. His fondness for fruit inspired the popular legend that his death was due to eating too many cherries.

Like Dwight D. Eisenhower and John F. Kennedy, William Howard Taft enjoyed golf. William McKinley, a more sedentary type, was in his youth a marbles champion (although he swam and used the bow and arrow.) Another marbles enthusiast was James Tyler, who was shooting mibs with his sons when informed he had been elected president. Andrew Johnson's game was checkers; James Madison played chess; Harry Truman favored poker, and Dwight Eisenhower bridge.

First Ladies with physical afflictions included Mrs. Millard Fillmore, an invalid when her husband succeeded to the presidency, and Mrs. William McKinley, a semi-invalid. Mrs. Franklin Pierce's frail health was weakened when their youngest son was killed in a railroad accident just before her husband's inauguration. Mrs. Woodrow Wilson died soon after her husband became President and he remarried the following year. Mrs. U. S. Grant was mildly afflicted with crossed eyes, which her husband would not allow to be operated on.

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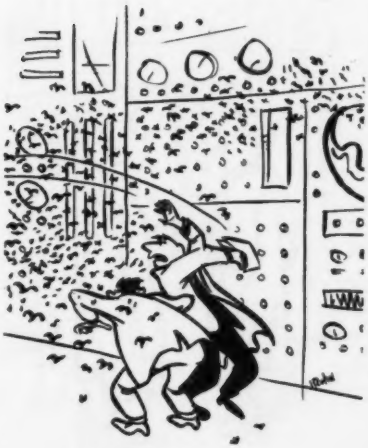
*At an autographing session Nikita Khrushchev tossed aside a balky Russian pen and whipped out another. "This one writes," he explained with friendly condescension. "It is American. You have to recognize when a thing is well made."*—LIFE

# Management Funnybone

*Humor often places problems in their true perspective*

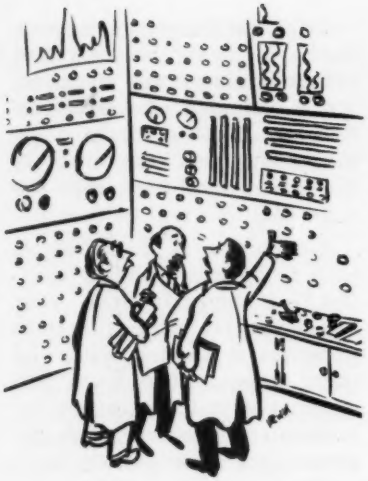


*It's still got a few bugs but—*

American managers have a knack of being able to find humor in almost any situation. It's a valuable characteristic. As long as we're able to poke fun at our problems, there is the strong likelihood that the right solutions will be found.

Automation is described as both a "blessing" and a "monster." It depends upon your viewpoint. Its value in certain processes is unquestioned, and there appears little doubt that automation will be further implemented. However, with the advantages come some difficult problems which will require sound decision on the part of management.

In a one-day NMA Management Conference in Ft. Worth, Texas, sponsored by the General Dynamics/Convair Management Club, the serious subject of automation, particularly the area of tape controlled electronic systems, was roundly viewed. But one humorous approach did shine though. One of the displays that are an important part of this annual conference was an original series of huge cartoon posters spoofing electronic machines and tape systems. They were so good that we would like to share them with MANAGE readers.



*What "Start" Button?*

*Your machine is absolutely brilliant Harvey—its first recommendation was that I fire you!*

*"And two bucks on Pretty Boy in the fourth"*

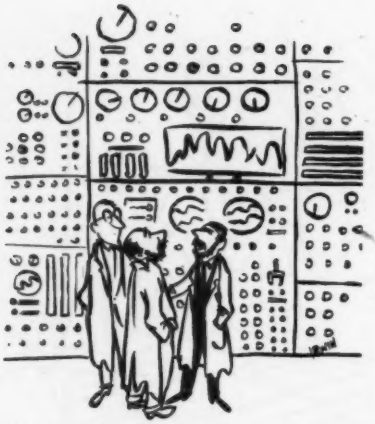
*"The hell it does!"*

*This dial doesn't do anything—we just put it in for something to fiddle with when the boss is around!*


*Those new machines just arrived—now we can produce over 60 thousand Hula Hoops a day—*

*It says "Keep your cotton pickin' hands to yourself"*

*"My 350 yard drive tape please"*



*'That takes care of everything except our alibi if it doesn't work"*


*And this, senators, is the button that destroys the plant to avoid enemy capture—fortunately, it's covered with gla—*

*The artist is William Irwin, a native Ohioan who received at least a part of his education in San Antonio, Texas. He served two hitches in the U. S. Army, no doubt a victim of the recruiting posters he drew as an Army artist for four years. Bill studied painting with the Famous Artists Painting Group after completing two years at the Cartooning School of the Chicago Academy of Fine Arts. Bill has been with General Dynamics-Fort Worth for the past nine years doing what he likes to do . . . drawing.*

## *Bridge Over the River Tagus*

Europe's longest suspension bridge will be built by a steel company of the United States. The two-mile structure, crossing the Tagus River at Lisbon, will take four years to construct. It will be financed in part by United States loans. It will be the fifth longest of its type in the world, exceeded only by the Golden Gate, Mackinac Straits, George Washington and Narrows Bridges. The latter is now under construction to link Brooklyn and Staten Island, New York.

# The Secretary-Treasurer's Report

According to the past practice of the association, the accounting records of the National Management Association have been audited for the fiscal year ended June 30, 1961.

Presented herewith is the statement of financial condition of the association as of June 30, 1961, as reflected in the audit report by the accounting firm of Arnold, Hawk and Cuthbertson.

Please note the statement appearing on the following page.

The first obligation of the National Management Association is to the membership. In order to promote this objective, emphasis has been made on the strengthening of club organizations through research and development of club centered programs, broader educational programs, promotion and public relations. In the past year these service activities were expanded which resulted in the increase of cost and the association had a decrease in income. The combination of these factors was very instrumental in an over-all operating deficit for the fiscal year ended.

In view of this operating deficit, the working capital and cash have been decreased below a point that should be maintained by the association.

To meet the future financial requirements of the association in terms of rendering the greatest possible service to the members, a critical examination has been made of all costs: Costs of printing and materials needed to promote membership and furnish guidance to clubs. Costs of postage for mailing publications and other printed material are just a few examples.

Numerous economies have been instituted in many categories of expense with the thought in mind of not curtailing the essential services to clubs and members.

After considerable analysis had been made of the operating functions of the association, corrective economical steps have been taken for the following year's operations. The objective of these corrective measures is to replace the working capital to at least a point equal to that previously maintained two years ago.

In order to accomplish this objective and maintain an equal or improved service to the association membership, there will be many difficulties to hurdle. However, with the cooperation of the association membership, its Board of Directors, Officers and Staff, all problems will be overcome.

*Respectfully submitted*
*Thomas P. Alston, Jr.*
*Secretary-Treasurer*

# *Where the NMA Dollar Comes from*

# How the NMA Dollar Is Spent

# The National Management Association
# STATEMENT OF FINANCIAL CONDITION
# June 30, 1961

## Assets

| | | |
|---|---|---|
| **GENERAL FUND:** | | |
| **Current assets:** | | |
| Cash | | $ 5,874.08 |
| Accounts receivable | | 57,969.09 |
| Jewelry inventory for resale | | 7,094.47 |
| Program material for resale | | 3,460.00 |
| Paper inventory | | 366.00 |
| Prepaid expenses | | 855.95 |
| Total current assets | | $ 75,619.59 |
| Travel advances | | 2,299.30 |
| Furniture and fixtures—at cost | $48,911.20 | |
| Less accumulated depreciation | 29,622.35 | 19,288.85 |
| Leasehold improvements—at cost, less amortization | | 731.03 |
| Land (including appreciation of $23,761.77) | | 37,425.03 |
| Total assets, general fund | | $135,363.80 |
| **INVESTMENT FUND (Note):** | | |
| Investment account reserve fund, The Winters National Bank and Trust Company, trustee | | 52,052.19 |
| Total assets | | $187,415.99 |

## Liabilities

| | |
|---|---|
| **GENERAL FUND:** | |
| **Current liabilities:** | |
| Note payable, bank (Note) | $ 25,000.00 |
| Accounts payable | 19,430.93 |
| Employees' tax withheld | 3,002.85 |
| Accrued taxes | 1,283.81 |
| Accrued workmen's compensation insurance | 197.77 |
| Total current liabilities | $ 48,915.36 |
| Excess of assets over liabilities | 86,448.44 |
| Total liabilities, general fund | $135,363.80 |
| **INVESTMENT FUND:** | |
| Investment reserve fund | 52,052.19 |
| Total liabilities | $187,415.99 |

Note: U. S. Treasury bonds with a maturity value of $51,000 are pledged as collateral on the note payable.

***Efficient Gal Fridays are worth their weight in gold, and it takes a good attitude to make a top secretary***

# How to Be *The Office Angel*

*by Selma Rosen*

To become an office angel you must have more than just a pretty face, speed at typing, a sweet voice, and good taste in clothing. Your main attribute must be the willingness to try more efficient ways of doing things, and readily adapt yourself to changing times.

Take dictation, for example: Tests have proven that office work flow is smoother, more efficient, when dictating machines are used. Knowing this, the office angel readily adapts herself to modern machine dictation.

Here are some of the charac-

teristics that really put a shine on a secretary's halo.

1. *Being discreet.* It may not be easy to chat with friends and co-workers without discussing the job, but the best secretaries can do this without revealing business confidences. The higher a girl rises in position, the more she's apt to know about the business and her boss —and the more important her discretion becomes.

2. Call it "punctuality" or "dependability"—the office angel works without having to be watched. She does not drag out her lunch periods . . . or coffee breaks . . . or time lapses between different jobs in the office.

3. *Be a clock watcher.* This may sound strange but it is really a useful office tool. It lets you know when a job is taking too long or, if surprisingly little time has elapsed, it tips you off that you may have forgotten something. Be a c a l e n d a r watcher too—keep a handy little office diary on which to record among other things, b i r t h d a y anniversaries and such.

4. *Use Psychology.* Everyone likes to have his ideas considered, and accepted if possible. So the office angel listens to advice, then takes all the good advice she can (even when offered in the form of a complaint). Even if she was planning to do the thing anyway, she is generous enough to flatter the person by letting him think it was his idea. Why not?

5. The ideal secretary never trusts to memory in relaying messages. She writes the information down. She keeps her work area neat and is careful to requisition proper supplies to do credit to her work.

She should suggest ideas to increase production. Even back up her suggestion with time records kept for a short period of time.

The efficient secretary is on her toes and reminds her employer of important dates. She's a real gal Friday.

There's an old rule, that he who gives the most gets the most. The office angel hopes—and works—not only for her own advancement but for that of her boss and her company as well.

Confidence in the future is a prime characteristic of the office angel. If she is tactful and skilled in office procedures, she has no cause to worry about her job.

The gal who is rich in skills and know-how, does what she can to help those who are less experienced or less intelligent.

So the extra 15 minutes now and then may help a fellow employee to complete her job and meet her work quota and help make for a more efficient office team.

Watch out for the feelings of others, never lording it over them, helping out—within reason—wherever you can, and you too, can become the office angel.


*"Her typing's O.K., but she's poor on shorthand."*

***How a big steel producer in West Germany is meeting a need for the huge demand for skilled workers.***

# APPRENTICESHIP in the RUHR

A system of apprenticeship and vocational training developed recently by Phoenix-Rheinrohr A.G. of Duesseldorf, West Germany, one of West Europe's largest crude steel manufacturers, shows interesting similarities and differences to U. S. programs. The program, under the leadership of the personnel director, is a partial answer to the increasing complexity of industry and production in that country. By giving all their workers thorough training with the tools of their trade, Phoenix-Rheinrohr hopes to develop men and women who can adjust more easily to advancing technology and the construction, control, maintenance and repair of production facilities.

The education program falls into three main branches: the training of technical apprentices; the training of commercial apprentices; and the vocational and advanced training of adults.

Some 200 technical apprentices each year, selected mainly from elementary schools, are tested comprehensively for basic knowledge, technical understanding and manual skill. Official job descriptions give them all necessary information about the trade for which they will be studying and working for the next three or three and a half years. The apprentices will go into jobs as fitters, electricians, welding operators, etc., or into the more qualified professions such as chemical and physical laboratory work.

Basic training takes place in apprentice workshops, where the students learn skills in metal working. At the beginning of the second year, the trainees enter a phase of technical study for their particular job preference. This consists of simple jobs in the various pro-

duction departments in addition to workshop assignments and once-a-week classes in a public vocational school. The public school provides theoretical knowledge to match the practical experience. Advanced technical education is handled in company departments such as the design offices, the pyrometric control department and the laboratories.

The final step is certification by the Chamber of Commerce, which tests the trainees for their proficiency in the job they have chosen. They are then recommended to the various company departments as skilled workers. Phoenix-Rheinrohr maintains three such training centers—at Muelheim, Duisburg-Ruhrort and Duesseldorf, preparing permanently a total of 700 students for their futures.

Commercial apprentices experience much the same training, except that they are almost immediately assigned to the various departments such as purchasing, sales, accounting, shipping, etc., on a rotating assignment basis. The commercial students, drawn from many scholastic levels, are also tested before they are asked to choose a job preference, and they also attend the weekly sessions of a public vocational school. In addition, they receive another day's tutoring in accounting, economics and technical knowledge of steel production and manufacturing. The commercial trainees can also apply for a course in commercial English. Some graduates of this training go on to university studies in business administration.

As with the technical students, the commercial apprentices are tested and certified by the Chamber of Commerce and recommended to the departments for which they are qualified.

***The final step for apprentices is certification by the Chamber of Commerce, which tests trainees for proficiency in newly acquired skills.***

Phoenix-Rheinrohr A.G. engages about 60 commercial apprentices each year, which provides a student body of roughly 180.

On the adult level, the company supports a crane operator's course, advanced training in steel production for semi-skilled workers and a three-year course in elementary elec-

trical engineering for power plant employees. There is also a permanent seminar for employees of the sales departments, who learn to cope with the problems of their own and allied branches of the company.

In addition to in-plant training, Phoenix-Rheinrohr offers its employees the chance to further their training in outside school. The company pays at least part of the school fees and refunds any wages lost through studying.

Phoenix-Rheinrohr also keeps a special fund to provide university education for particularly gifted adults or for children of employees and workers who wish to take up a profession that will enable them to advance in the company. Approximately 1000 workers and employees take advantage of the different training facilities.

## *Good News*

The average American family in the years ahead will have a lot more money to spend than in 1960. It is estimated that by 1975 family income (after taxes) may rise 40 per cent from the 1960 level. This would be real income measured in constant prices.

## *America on the Move*

Our growing population will require more and more community services in the years ahead. By 1975 we will have to increase our elementary and high school capacity by 75 per cent. To meet present medical standards, America will have to double hospital facilities and replace another one-third that are unsuitable. These demands will result in million and billion dollar construction programs throughout the nation and more jobs for more millions.

## *"Reading" Machines*

American banks are just beginning to switch to machines that "read" (at 300 to 500 characters per second) and sort checks, but the first machine in the U. S. A. that could read graphic symbols was patented in 1928. At that time it was a fairly crude device and no one could find a practical use for it.

# Act on Fact

**by James M. Black**

Bill Conger looked at the letter his supervisor had given him. A termination notice! For insubordination! He was furious.

"I want my job back," said Conger to his shop steward. "I wasn't insubordinate."

Conger's grievance went through all of the steps of the procedure and was at last heard by an arbitrator. But now let's see how it all happened.

### The Facts of the Dispute

Conger's trouble started one spring day when he was working in the milk cold storage box. His duties kept him inside the box where it was his job to stack milk cases and fill orders for truck loadings. The operation of the loading conveyors made the box so noisy that normal conversation was difficult. To communicate with persons outside the box it was necessary to yell through the conveyor exit hole or the loud speaker.

Near the end of the shift another employee entered the box and said to Conger: "It's about that time," meaning it was the grievant's quitting hour.

Up to this point both the supervisor and Conger were pretty much in agreement on the facts. But from here on their stories are conflicting.

Conger claimed to the arbitrator: "I called to the supervisor twice—once while he was in the box and once through the conveyor exit hole when he was on the loading platform to tell him it was quitting time. He never answered me—just looked at his watch. In a little while he came into the box. I thought he was there to relieve me. I left my work station and clocked out."

The supervisor's account of the case was different. He said: "The two times Conger called me I told him that he would have to remain on the job until relieved. Both of these conver-

sations occurred through the conveyor exit hole. The grievant was on the inside of the box, I on the outside. After the last conversation I did enter the box, because the conveyor to the loading dock had stopped and I wanted to know the reason. I did not see Conger, nor did I see him leave. When I realized the job wasn't covered I assigned another employee to it and returned to the loading platform. Conger had left his job in open defiance of my orders. I discussed his breach of discipline with my superior, and it was our conclusion that he should be terminated for insubordination. The Personnel Department investigated the case when it received the union's grievance. The Personnel Director told the union that I was completely right and that management would not tolerate an insubordinate employee.

"It is true that for most disciplinary cases we give warning notices to employees, but the union contract permits management to take decisive action, including immediate dismissal, if an employee commits flagrant violations of rules. The contract says: 'No employee shall be willfully insubordinate to his supervisor provided orders are given in a clear manner.' I told Conger to remain on his job until he was properly relieved. He refused. His termination was proper and his grievance should be denied."

**The Opinion of the Arbitrator**

Said the arbitrator: "The union claims the company has failed to prove just cause for discharge in that it did not establish that the grievant was willfully insubordinate or that the supervisor issued orders in a clear manner.

"The company contends that its actions were justified and points to the evidence, which may be summed up as follows:

"1. Conger left his job without being relieved and contrary to the specific instructions of his supervisor.

"2. The grievant's conduct was insubordinate within the meaning of the agreement.

"3. Published working rules with which the employee is entirely familiar state that a worker in the milk cold storage box must remain on his job until properly relieved, regardless of any specific instructions. Therefore, even if the supervisor had not issued direct instructions (which he did), the fact that the employee left his job would still constitute insubordination.

"4. The company has the

authority to discharge for the offense of insubordination.

"The company has also said that Conger was a comparatively new employee and that his work record was poor. It concluded that his lack of seniority, coupled with the fact that he was an unsatisfactory employee, did not entitle him to consideration for a lighter penalty. It cited several arbitration awards to back up its arguments.

"One witness who had nothing to gain or lose in this case has testified: 'I heard Conger shout through the conveyor hole to his supervisor that it was about time to go home. The supervisor yelled to the grievant to stay where he was. Later, and past the grievant's quitting time, he again called out that it was time to go home. I did not hear the supervisor reply. Shortly afterward, the latter entered the box and passed the employee, who immediately left through the same doorway. The supervisor came out shortly without speaking to anyone.'

"In my opinion this witness' story most nearly depicts what probably happened. This is not to say that the stories of the grievant or his supervisor were erroneous. A comparison of their testimony with that of the witness will immediately reflect similarity. But regardless of the collaborating points, it is my impression that there was much to be desired in the actions of both the supervisor and the grievant.

"The supervisor's handling of the case shows a weakness in leadership. He was reminded twice by the employee that his quitting hour had come, but gave only vague directions to stay on the job, yelled through the noisy conveyor exit hole. This shows lack of planning. Surely an employee is entitled to more consideration than Conger received when his quitting time had arrived. Moreover, the supervisor admitted that he found an employee to take the job as soon as Conger left. If relief were available at such short notice, why didn't the supervisor provide it when it was requested, or at least explain that relief would arrive shortly?

"The supervisor's mistakes do not excuse the grievant. His actions clearly showed that he intended to have his own way in spite of contrary instructions. True, he left in the presence of the supervisor, but this does not carry with it the automatic conclusion that he had the right to leave without some definite sign or knowledge that he was being relieved. In the

interest of good labor relations, the grievant must be held to have been insubordinate to a degree. However, he cannot be condemned entirely. The lack of directions on the part of the supervisor, the seeming uncertainty as to who would relieve whom, the practice of supervisors acting as relief on occasions (a practice admitted by the company during cross-examination), all tend to make doubtful the reasonableness of the penalty.

"I do not like to substitute my judgment for that of management, but it is my opinion that termination is too severe in this instance. The indecisiveness of the supervisor and the uncertainty as to who would be the grievant's relief could have led him to make an erroneous assumption, without expecting a penalty. However, the temperamental actions of the grievant in leaving his job when he knew better cannot be condoned. Therefore, it is my ruling that he shall be re-employed without loss of seniority. I also rule that he is not deserving of back pay."

### Bad Temper Makes Bad Decisions

From the written record of any arbitration case it is difficult to get a full understanding of the personalities involved. Apparently Bill Conger was a poor employee and a comparative newcomer. Any good supervisor knows that the time to get rid of an unsatisfactory worker is before he has had time to accumulate seniority. Undoubtedly the supervisor weighed these facts when he made the decision to dismiss the grievant. However, there are probably other reasons that did not come out at the arbitration hearing that explained his seeming indecision when Conger asked for relief. He may not have liked Conger or his attitude. Therefore, when Conger yelled at him for a relief, he may have thought: "There goes that darn clock-watcher again. I will let him stew for a few minutes." In other words, Conger irritated his supervisor and caused him to lose his objectivity.

In the management of manpower a supervisor cannot afford to let his personal likes or dislikes affect the objectivity of his decisions. Conger was entitled to an explanation as to why relief was not available and why he was required to work past his quitting time. The supervisor would have been wise to have made sure that his instructions were clearly understood. Insubordi-

nation is an offense that no management can tolerate, but to prove it a supervisor must be able to establish that he gave clear-cut and reasonable instructions, that the employee understood them, and that he willfully and deliberately disobeyed them.

If there are extenuating circumstances of any kind that permit an arbitrator to reduce a discharge penalty to a disciplinary lay-off, he is likely to do so. After all, the employee's job and his living are at stake. Any supervisor becomes irritated when a careless, inefficient, irresponsible employee does something that annoys him. Supervisors are only human. At the same time, a mature supervisor does his best to keep his irritation from affecting the wisdom of his decisions in employee relations. He represents management and realizes that it is poor leadership to let his feelings show through his acts.

***This case appeared in the Labor Relations Reporter. It has been altered somewhat to illustrate certain principles of supervision. All names are fictitious.***

*A review of practical tips for good management*

# IDEAS FOR EFFECTIVE ADMINISTRATION

*by Richard M. McKeon, S.J.*

***Delegating responsibility for details to subordinates is a sign of mature management.***

Back in 1953 the Small Business Administration published a short article adapted from "Executive Methods" Series, *Modern Industry,* November 15, 1948. It contained a summary of two dozen ideas for effective management. A recent re-reading of the article convinced me that it was very worthy of comment and current application to the ideas set forth.

The ideas were aimed at top managers in small business. Yet most would also apply to any manager. What, then, is the job of a manager? "The job of the administrator is to get things done through people and to make his concern a good place in which to work." The ideas based on the experience of many successful business leaders should certainly help others to do a better job.

"Emphasize skill, not rules, in your organization." At once we recall how the letter of the law kills, but the spirit vivifies. There has been tremendous progress in mechanical skills during recent years. There is no reason to expect otherwise within a shop. Doing it 'by the book' is not always the most satisfactory way.

"Set a high standard for your organization." This means that a good manager must practice what he preaches. He must be prompt in his work habits, clear in his orders, interested not only in the work but the workers.

"Know your subordinates and try to determine what is important to each." The old saying that "knowledge is power" is most true in handling subordinates. All individuals have different personalities. Each must be studied closely to learn his characteristics. Background gives many a clue. A domestic trouble may be the reason for poor performance in the plant. Where praise is due give it sincerely. Where correction is necessary, let the one concerned recognize its constructive quality.

***Tell the originator of an idea what action has been taken and why, and you will stimulate your subordinate.***

"Try to listen thoughtfully and objectively." Listening, we fear, is an art which many a manager neglects to cultivate. Much has been written of communication in industry, with emphasis on the fact that communication is a two-way street. The know-it-all manager nullifies its effectiveness. But "the executive who knows his people—their habits, worries, ambitions, touchy points, and pet prides—comes to appreciate why they behave as they do and what motives stir them."

It may take time and patience and sympathetic understanding. It may seem to be a loss. But it should make the worker more loyal and also give the manager insight into problems which were hidden.

"Be considerate." A considerate executive is a gentleman in the true meaning of the word. Cardinal Newman once said that "a gentleman is one who never gives pain." This means being courteous toward one's staff and also the rank-and-file. Courtesy always bolsters up the soul of the recipient. All managers might take to mind the words of Hilaire Belloc:

*"Of courtesy, it is much less*
*Than courage of heart or holiness,*
*Yet in my walks it seems to me*
*That the grace of God is in courtesy."*

"Be consistent." A leader should know his objective and the proper means to attain it.

If he changes his plans too often without due thought, his subordinates will be confused and interest will lag. If his personal mood vacillates between warmth and cold, between decisiveness and procrastination, the morale of those concerned will be far from invigorating.

"Give your subordinates objectives and a sense of direction." What was said about consistency can also be applied to lower managers. They should know not only the importance of the immediate job but also its relation to the department and the firm's policy. And so it is evident that "subordinates should know where they are going, what they are doing, and why they are doing it, in order to plan their time intelligently and to work effectively."

"Give your directions in terms of suggestions or requests." Americans have a traditional sense of freedom. They do not like to be domineered. This attitude is carried into office and shop. To suggest affirms an equality. To command asserts a higher status. A suggestion well received will build up morale. A command, even when justified, may injure morale. An oral explanation of what must be done is recommended.

"Delegate responsibility for details to subordinates." This is a sign of mature management. Proper delegation assumes that mistakes will be made. For many there is an axiom that "top management should tell middle-managers only what to do, not how to do it." Of course this supposes that top management has made known its policy and objectives.

Today there is more attention being paid to the principle of subsidiarity. This means that what can be done by a lesser group should not be done by a greater group. If the city can handle its crime problem, then let the state keep out. If a manager will apply this principle to his organization, he will be free to devote himself to more important things.

What will happen if he frequently interferes and thus prevent others from making decisions? It is obvious that "sooner or later the capable ones will quit and the others will sit back and let him do all the work."

"Show your staff that you have faith in them and that you expect them to do their best." This is linked with delegation. Let subordinates know what is expected from them as a mark of faith in them to accomplish the same. Faith in them is a challenge to better performance.

"Keep your subordinates in-

formed." This means good communication, the process of transmitting and receiving information. This is most important in industry, but a lot of managers have yet to acknowledge it. In a new textbook, *Human Relations in Management* by Heckmann and Huneryager (South-Western) 90 pages are devoted to this topic.

If the company is going to change its policy or introduce new products, it is not only decent, but good business, to let subordinates know. One of the surest ways to weaken loyalty is lack of proper information. Effective communication builds up a stronger company spirit. As remarked before, communication is a two-way street. A good manager will listen to his helpers. In certain fields many will be more skilled than himself. To pose as all-knowing and not to recognize their interest and contribution may lead to many costly mistakes. "Give them enough information about conditions and events in your company and industry to let them see themselves and their work in perspective."

"Let your assistants in on your plans at an early stage." At first plans may be kept under cover. But as they near their final form it is wise to discuss them with subordinates. Why? Because here is the opportunity to participate. Later on, when working with the plans they will have a keener sense of responsibility.

Americans have a democratic tradition. They do not like to be left out when important matters are being discussed for the community in which they live or for organizations to which they belong. The same holds true for the business company. Participation aids maturity. It gives the persons concerned deeper gratification and leads to improved understanding throughout the company.

"Ask your subordinates for their counsel and help." This also is participation. This policy will make your associates feel that they really belong. The natural reaction is more interest and better work. It should lead to more peaceful manager-subordinate and manager-worker relations.

"Give a courteous hearing to ideas from subordinates." This is very important. If a worker in good faith makes a suggestion which he thinks worthwhile, thank him sincerely and promise a fair judgment on its merits. If it cannot be accepted, explain the reasons in a kind way. Never use ridicule even if the idea seems preposterous. The next idea may be the one that is needed.

Moreover, g o o d managers

should know that fine ideas are often buried in the mind waiting for encouragement to bring them forth. There is now a nationwide association of suggestion systems. That is sufficient proof how progressive industry values the ideas of subordinates.

"Give your subordinates a chance to take part in decisions." If they have helped to bring about the decision made, they will be more anxious to see its fulfillment. If after consultation they disagree with the decision, nevertheless they will support it for their opinion has been given a fair hearing. Managers will always have problems to solve. When a subordinate knows his opinion has been sincerely sought in their solution, he will experience a feeling of satisfaction which makes for improved morale.

"Tell the originator of an idea what action was taken and why." This has been answered under courteous hearing. Again we urge the necessity of encouragement which will be very true if his idea is accepted. A considerate explanation of why it was rejected may lead to a better idea.

"Try to let people carry out their own ideas." The case is given of equally good suggestions on a particular problem coming from two persons at the same time. Which one should be given preference? The right answer is to give it to the first person, one directly responsible in the situation rather than the second who is an outsider. The first person will have a deeper interest to prove the suggestion is workable. "It is good administrative practice to keep subordinates constantly aware of your willingness to have them work out their own solutions to problems in their particular operating areas."

"Build up subordinates sense of the values of their work." If people do not feel their jobs are important they will act accordingly and this means trouble. But if they recognize that their job is important and that they have been chosen to do it well, then a new spirit should prevail.

"Let your people know where they stand." Most employees want to know where they stand with the company—and rightly so. They are giving their time, talent, and energy to it. In return "they want to know that their superiors are aware of their capabilities, potential, and performance, and that they are being measured by a consistent, uniform, and fair set of standards." An effective rating system will do much to insure just promotions.

"Criticize or reprove in pri-

vate." This bit of wisdom is as old as the hills. But it is constantly broken by managers who are supposed to possess self-control. Scolding others openly before their associates not only humiliates the one criticized but it also causes resentment among the others. When will they be treated likewise? If a subordinate manager is criticized before his workers, it not only kills his morale but undermines his authority.

"Criticize or reprove constructively." After the facts in a case have been collected and discussed, then constructive action should begin. It's better to pay attention to the solution proposed than the persons concerned. If the solution is convincing, it will be a challenge to do it well.

"Praise in public." If a reprimand in public is to be avoided, the same is not true for well-deserved praise. Few people receive special praise in the ordinary routine of life. When it comes, it is appreciated. "It tends to raise morale, increase prestige, and strengthen self-confidence—important factors in the development of capable junior officers."

"Pass the credit on down to the operating people." Frequently when a department is praised for a good record, the manager may be tempted to think all credit is due him. This is a fatal mistake. Without the cooperation of his workers he might be a failure. Never steal credit that is due a subordinate. Make certain that he is singled out for his special or outstanding work.

"Accept moderate 'griping' as healthy." Human nature is fallen, and has a tendency to complain even in excellent circumstances. Expect and analyse the small gripes to eliminate their cause. Don't let the gripe become matter for grievance procedure. Many gripes are settled by letting the person get it off his chest.

Of course there are many other ideas which make for effective administration. But these have been found worthwhile, and so they are highly recommended to be put into practice. They are bound to bring forth a higher degree of industrial peace and to build up an alert, effective and responsible organization.

*There are two ways of achieving success: by putting your shoulder to the wheel or putting your head on the shoulder of the man at the wheel.*—CHAS. E. DAUGHERTY.

# ADVERTISING TECHNIQUES CAN BOOST THE PRODUCTIVITY OF WORKERS

*by Lew Shalett,*
*President,*
*The Sheldon-Claire Company*

Basically, both management and employees have a common goal: to serve customers with a quality product or service at the lowest possible price. Unfortunately, this concept is not always understood or appreciated by the employees. This article gives some basic rules to help management sell that concept through a motivation campaign designed to increase worker productivity and understanding of management problems.

Motivation has been defined in scores of studious themes. Actually, employee motivation is simply a thoughtfully devised and well-organized advertising campaign to sell a company and its objectives to its people. The

techniques used in advertising will work effectively in a motivation campaign provided it receives the same complete merchandising used to promote a company product or service.

Employees are the same people who respond to consumer advertising. Consequently, the use of successful advertising techniques in employee motivation will get the same results that are possible in any good advertising campaign.

Today's challenge to management is not production. The challenge is productivity. Production is just a word that describes output without regard to cost. Productivity is a competitive word; it is the rate of production—the cost per unit. Productivity concerns itself with the most effective use of time—with the reduction of waste and spoilage—with efficient use of equipment—with decreased overhead per unit, with employee cooperation.

**Production and Productivity**

The distinction between "production" and "productivity" is very important because they are actually two different things. As an illustration, consider an apple tree which normally produces 500 apples. Production can be doubled simply by planting another apple tree producing the same amount of apples. That would be more production.

But if, by skill and effort, pruning and cultivation, you make the first apple tree yield 600 apples instead of 500, you have increased "productivity" as well as "production." The difference is vital because it offers management a way to reduce costs without reducing quality—by making existing plants, personnel and equipment produce more efficiently. The result: more products for more people at lower prices.

Unfortunately, labor today is not as concerned with enlarging the size of the economic pie (increased productivity) as it is with its efforts to get a larger cut of the pie. Consequently, it's up to management to tell the story of "increased productivity" to its workers. Labor will produce only as management plans for it to produce.

Communication is the basis for understanding, cooperation and action. Thus, management must make sure that its communications are not only understood, but accepted and acted upon. Furthermore, it must also attack the fundamental problems of management-labor misunderstanding by communicating the needs of management to the workers.

These facts should be presented in such a way that the

advantages of cooperation are self-evident. They must persuade the employee to do a better job, not because management says so, but by convincing the worker that his improved performance serves his own best interests.

The tragedy of many employee relations programs lies in the fact that they are conceived and started with a wave of enthusiasm and later die from sheer neglect. A really effective program must be planned, the follow-through and the mechanism of operation must be prepared with the same thoroughness as a sales and advertising program for a product or service.

Unfortunately, too many executives think of employee motivation as a gimmick—to be taken off the peg and used as needed. Too few see it as the heart of all business and industrial operations, the most important tool for getting things done. Cooperation through understanding is a continuous job—a job to replace ignorance with knowledge, suspicion with trust, antagonism with cooperation, and indifference with enthusiasm.

But, above all, it must be a practical, common-sense, easy-to-understand campaign, and it must emphasize with repeated impact that individual security—individual progress—can be achieved only through cooperation.

### Supervisor Is Key Man

Even the best employee motivation campaign must be sold. Fortunately, management has an ideal, ready-made sales force—its supervisors. No one can do the selling job as effectively as the worker's supervisor. He is in daily contact with the workers—he works with them, knows their capabilities and their limitations.

Furthermore, he isn't just a liaison between management and the worker; he isn't just a part of management. The supervisor *is* management—he's all there is to management as far as the worker is concerned. But, like anybody who has a selling job to do, he needs help. In this instance, he needs knowledge of the objectives of the program and the methods which can help him to sell the program to the people he supervises.

That is why a special meeting of all supervisors should be called before a motivation campaign is started. The program should be thoroughly explained so that supervisors are made to feel that not only are they part of the plan but responsible for the success of the plan.

To maintain the supervisor's

interest and active participation in the campaign, similar meetings should be held regularly, at which time additional information concerning specific objectives of the campaign should be discussed.

### Billboards Communicate Effectively

There are many ways to communicate ideas, but it is generally agreed that the most effective selling medium is the billboard technique—brief copy with dramatic illustrations that compel attention when displayed at strategic points throughout a plant. They are effective because they can be seen at a glance and read quickly while the worker is in motion. Gradually, these identical impressions when delivered with repeated impact build up acceptance.

Like all soundly conceived billboard campaigns, billboard messages should communicate the same story—the same theme—to everybody at the same time. But, to insure maximum readership, a careful survey should be made to determine the number and most effective locations for display. Such locations as rest rooms, cafeterias, entrances and exits, in addition to on-the-job displays, usually are best.

### Eight Effective Poster Themes

It has been our experience that a very effective program can be developed around the following themes:

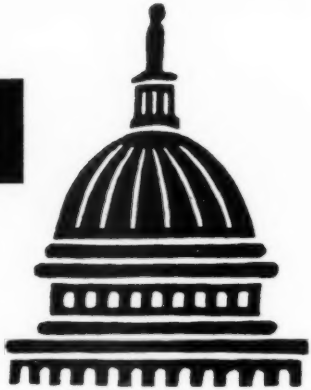
*cut costs*
*stop waste*
*build quality*
*increase productivity*
*beat competition*
*make equipment count*
*stay safe*
*make customers*

### "We Must Motivate the 25 Percenters"

Industrial psychologists have made surveys which convince them that many people seldom operate at more than 25 percent of their full potential. It's astounding to think of the productivity that can be attained in our industrial plants if we can motivate the "25 percenters" to hike their performance to 80 or 90 percent.

An employee motivation program should be the basic approach to the problem. Regardless of the communications technique which management may use to spark this motivation, the program must accomplish two things if it is to be successful. It must create better understanding of the company's problems among its workers, and it must inspire the workers to do a quality job for the company and themselves.

# Eye on Washington



*by Michael S. Roberts*

## CONGRESS DELAYS KENNEDY PROGRAM

Congress, although under control of a substantial Democratic majority, gave President Kennedy very little of what he wanted in the three areas of prime interest to management—tax reform, business control, and labor-management relations controls. The major exception was passage of the new minimum wage law.

But most of the measures he sought are prime candidates for passage next year—an election year when all members of the House and one-third of the Senate face the voters. Generally, the measures the President asked are appealing to the mass of voters.

Delay of many of them this year can be traced to the eruption of international crises. A lot of time which might have been spent on domestic issues was taken up by congressional attempts to beef up our defensive strength. Lawmakers voted more than $100 billion in appropriations, including an $88 billion budget for the current fiscal year, and an extra $11 billion for the highway program.

Another reason for the lack of action on

domestic issues in the longest congressional session in 10 years was an unusually slow start as the lawmakers waited for the new Administration's program to develop.

## ON TAP FOR 1962

Congress has assured itself a full schedule for next year. It will move fast and furiously almost from the opening gun, because in election years, sessions dragging past mid-August cut into campaigning time for the November elections.

Here are some of the major issues of interest to foremen and supervisors, where they stand, and the outlook for next year.

TAXES—The House Ways and Means Committee has been laboring for two years now trying to develop a tax reform package, but each time changing conditions have blocked congressional action. This year, the Committee considered a tax credit program proposed by the Kennedy Administration to spur investments. After lengthy hearings, the Committee replaced it with a proposed straight 8 percent deduction for capital investments. But it decided to delay sending the program to a vote, along with proposals for tightening up on business expense accounts and revising taxes on foreign business operations. No start was made on demands from business for a modernization of the country's outmoded depreciation laws.

Some changes in the tax laws are probable next year—but they won't be favorable to business. They'll be tightening actions—cutting down expense accounts, raising taxes on foreign income, and closing other so-called tax "loopholes." Reason is simple—election year politics combined with the

need for more revenues to pay for rising costs of government defense and welfare programs. It'll be 1963, or even later, before business stands a chance of winning the tax reforms it wants.

CONTROL OF BUSINESS—The President, with extra money from Congress, has beefed up both the Justice Department's antitrust division and the Federal Trade Commission. Congress again considered the Administration's request for a pre-merger notification law, requiring firms in major industries to give the government 90 days notice before merging, but put it aside. Lawmakers also considered a request to give the Federal Trade Commission power to issue a cease and desist order while its case against a firm was still being argued. This brought strong business opposition—how can a practice be ordered stopped before it's ruled illegal?—but may pass.

Several White House plans to reorganize the federal regulatory agencies—the agencies which control securities transactions, the Federal Trade Commission, and others—were passed tightening the government's grip on the industries it regulates directly. Others will be proposed next year.

LABOR-MANAGEMENT—The President struck out in this field this year—but he'll be at bat again in 1962, and some hits are probable. He had asked for three major programs: 1. Federal aid for retraining jobless workers; 2. Tightening the welfare and pension fund reporting law, and 3. Easing restrictions on picketing of common sites in the construction industry. All were shelved by the House.

The Labor Department has been trying to develop a proposal for strengthening the President's hand in dealing with national emergency strikes, and will probably ask Congress to consider it next year.

The President believes the present Taft-Hartley Act 80-day injunction procedures are inadequate.

He also asked for a permanent reform of the federal-state unemployment compensation system, but the lawmakers put this aside too. He wanted a stand-by federal program to provide extra payments to workers who exhaust regular benefits. It would also extend coverage to more than 3 million workers now outside the program, primarily those of small firms, agricultural processing workers, and employees of non-profit groups.

Several other labor bills are pending during the recess of the 87th Congress, and will come up for study next year. One, introduced by Sen. John McClellan, D., Ark., for years chairman of the Senate Labor rackets probe, would prevent any nationwide transportation strike. It's aimed, the Senator says, at blocking ambitions of Teamster Boss James Hoffa for taking over the nation's transportation system to enforce his demands. It would put transport unions under the antitrust laws, preventing one union from calling a strike in concert with another (even another local) if the effect would be to substantially decrease transportation services.

Another proposal pending in Congress, sponsored by several lawmakers, would end work stoppages on defense projects, particularly on missile base sites.

## UNIONS SUFFER SETBACKS

Organized labor suffered several setbacks this year—some of which they will probably try to offset in Congress or the courts in 1962.

Hot cargo clauses in Teamster Union labor contracts—a backbone of Hoffa's bargaining strength

—were ruled illegal by the National Labor Relations Board. It outlawed them even if the union has never attempted to exercise them. The very existence of hot cargo language is evidence of intent to break the law, the Board says. It was the first major test of the ban on secondary boycotts in the 1959 Landrum-Griffin labor reform law. In hot cargo clauses, the union may refrain from handling non-union goods or goods from a strike-bound firm. This ruling will probably be appealed to the courts.

The NLRB was also considering a recommendation from a trial examiner that the newer "protection of rights" clauses which the Teamsters have been substituting in place of hot cargo clauses also be deemed illegal. In this, the employer simply agrees not to discipline workers who refuse to handle such goods.

The U.S. Supreme Court also dealt unions a blow when it ruled that union shops are legal, but that the union cannot use dues money for political purposes if the workers object. In effect, the high court ordered unions to cut the dues of members who protest to the groups' political or economic programs by the amount of total dues collections spent for these purposes.

Meanwhile, Labor Secretary Goldberg was considering a new wrinkle in the government's wage-setting policies. Unions in the machine tool industry have demanded that the government in determining "prevailing" wages under the Walsh-Healey Act include fringe benefits for the first time. Should they be included in this determination, chances are that all such findings will include them. Under the Walsh-Healey Act, the government determines the prevailing wage rate for each industry, and firms with government contracts are required to equal this wage rate.

# NMA Club Anniversaries

**NOVEMBER**

| | | |
|---|---|---|
| **5 Years:** | Appliance Products Management Organization | Cynthiana, Ky. |
| **10 Years:** | Hughes Tucson Management Club, Inc. | Tucson, Ariz. |
| **15 Years:** | National Tube Management Club | Lorain, Ohio |
| | Island Creek Management Club | Holden, W. Va. |
| | Pecco Foremen's Club | David, Ky. |
| | Ethyl Management Club | Baton Rouge, La. |
| | National Works Management Club | McKeesport, Penna. |
| | Terre Haute Management Club, Inc. | Terre Haute, Ind. |
| **20 Years:** | Sylvania Management Club | Emporium, Penna. |
| | G-9 Foremen's Club, Inc. | Lockport, N. Y. |

**DECEMBER**

| | | |
|---|---|---|
| **5 Years:** | Monsanto Management Club | Nitro, W. Va. |
| **15 Years:** | Oliver Management Club, Inc. of Charles City, Iowa | Charles City, Iowa |
| | Hussman Management Club | St. Louis, Mo. |
| | Powellton Foremen's Club | Mallory, W. Va. |
| | Granite City Steel Management Club | Granite City, Ill. |
| | G & L Staff Club | Fond du Lac, Wis. |
| | Maytag Management Club | Newton, Iowa |
| | Bartley Management Club | Bartley, W. Va. |
| **20 Years:** | Tri-County Management Club | Parkersburg, W. Va. |


# A TIME STUDY MAN

***A table of the time saved by not being a husband***

| | |
|---|---|
| Not waiting outside beauty parlors, gift shops, or ladies' rest rooms | *3 hours* |
| Not teetering on a stepladder while a wife decides whether the picture is hanging straight | *1¼ hours* |
| Not moving the sofa to see if it doesn't look better over there instead | *1 hour* |
| Not trying to help a wife remember what she did with her purse (compact, cigarette case, theater tickets) | *2 hours* |
| Not standing in the front hall with his hat and coat on while she says good night to the hostess | *¾ hour* |
| Not prowling around the yard at midnight in his bare feet because she is sure she heard something at the garbage can | *½ hour* |
| Not stopping off at the store on his way home to get a spool of thread to match this sample | *1 hour* |
| Not going to concerts, rummage sales, PTA meetings, flower shows, church suppers, or the annual picnic of the Ladies' League for Civic Improvement | *6 hours* |

Taken from "What Every Bachelor Knows," (Doubleday) by Corey Ford, the nation's number one bachelor. The book was published on September 29, 1961.